# Labor INFORMATION BULLETIN

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## Annual Review—Production, Employment, and Pay Rolls

**UNITED STATES DEPARTMENT OF LABOR**

**BUREAU OF LABOR STATISTICS · WASHINGTON**

# Labor INFORMATION BULLETIN

BORIS STERN
Editor

UNITED STATES DEPARTMENT OF LABOR
FRANCES PERKINS, Secretary


## CONTENTS MARCH 1942


Emergency Price Control Act of 1942, by John M. Blair ..... 1

Industrial Accident Prevention and War Production, by W. T. Cameron ..... 5

Production, Employment, and Pay Rolls in 1941, by Nelson M. Bortz ..... 8

Employment and Pay Rolls in January 1942 ..... 14

Business and Economic Conditions in January 1942 ..... 17

Cost of Living in February 1942 ..... 18



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# Emergency Price Control Act of 1942

JOHN M. BLAIR

Bureau of Labor Statistics

On January 30 the President of the United States signed the Emergency Price Control Act of 1942 "to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes." Thus, after nearly 5 months of hearings in committees and intense debate in the House of Representatives and in the Senate, price control became the law of the land.

## REASONS FOR PRICE CONTROL

The hearings on the bill indicate that price control is needed for three specific purposes. First, it is needed to keep down the cost of conducting the war and, in that way, lessen the burden on the Nation's taxpayers. In the second place, price control is needed to forestall the danger of a possible post-war depression. Finally, and perhaps most important, price control is imperative to prevent a rapid increase in the cost of living, such as that which took place in the last war.

The serious decline in real earnings of wage earners and salaried employees in many industries during the last war was due in large part to two major shortcomings of the method of price control used in those years. In the first place, price control was begun too late. Prices had soared to great heights even before the entrance of the United States into the war, due to the heavy demands by the allied nations for war materials, the loss of shipping facilities, and the difficulties in railroad transportation. Thus, between the middle of 1915 and our entry into the war, in April 1917, wholesale prices advanced 65 percent above the unusually stable level of the previous 4 years. The entrance of the United States into the war greatly increased the demands upon the already strained economy, with the result that prices rose to even higher levels.

The second major shortcoming of the price-control program in the first World War was the lack of specific statutory authority to control all prices. Under the terms of the Fuel and Food Act, approved August 10, 1917, the Fuel Authority controlled fuel prices throughout the war period, while the Food Administration, by an elaborate licensing system and the control of margins, exercised considerable influence over food prices.

No law, however, existed by which the Government could regulate the prices of basic industrial commodities. Prices determined by the War Industries Board and by the Price Fixing Committee of the Board could be enforced only indirectly, by such means as commandeering plants, arousing public opinion, and withholding priorities on materials and fuel, and on transportation.

Such methods, however, were cumbersome and often of limited effectiveness. Furthermore, there were certain types of industries which could hardly be controlled at all by these methods.

## RECENT PRICE TRENDS

The tremendous skyrocketing of prices which took place in the last war has as yet failed to materialize in this war. Since the spring of 1941, however, prices have been moving steadily and strongly upward. In February 1941 the general level of prices in primary or wholesale markets was only 7.5 percent above the pre-war level in August 1939. By December 1941 these prices had risen to 24.8 percent, and by mid-February of this year they were 28 percent above the pre-war level.

This rapid increase in wholesale prices was paralleled by a somewhat slower advance in retail prices. The advance, however, was quite pronounced. In February 1941 the cost of living was only 2.2 per-



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cent above the pre-war level of August 1939. By mid-December it was 12.1 percent higher, and by mid-February of 1942 it was 14 percent higher.

Much of this rise in both wholesale markets and retail stores was due to a steep advance in prices of farm products and in the two closely related groups of foods and textiles. The outbreak of war in Europe found prices of farm products in the United States at a depressed level, suffering from a decline that started in 1937. The 55.2 percent increase in the prices of farm products between August 1939 and December 1941 represented, in part at least, a recovery from unusually low levels. In line with this advance in farm products, prices of food and textiles each rose 35 percent during the same period.

Underlying this general upward movement of prices was the rapid increase in the purchasing power of the Nation, resulting from increased employment for the defense and war effort and the limitations on the supplies of goods which became especially evident in the latter part of 1941. The trend toward higher prices, as analyzed by the Office of Price Administration, was due to (1) actual shortages of raw materials or facilities for production, (2) heavy forward buying by Government agencies, particularly the Army and the Navy, (3) hoarding, (4) increased costs, and (5) profiteering. Thus, of the 33 price ceilings which had been imposed by the Office of Price Administration by the time of the opening of hearings on the price-control bill, actual shortages had been a major cause of price advances in 24 of the commodities, heavy forward buying in 10 commodities, hoarding in 6, increased costs in 5, and profiteering in 3. In some cases several factors were combined in causing rapidly advancing prices. In presenting this report, the Administrator of the OPA stated:

"Though clear-cut instances of profiteering do not appear numerous in the statistics, there is strong reason to believe that many sellers, finding themselves in a strong market condition, are 'charging what the traffic will bear' and advancing prices more than would seem justified under the circumstances. Higher material and labor costs are frequently given as justification for increases; but frequently the price boost is out of proportion to cost increases, and, more important still, the lower costs resulting from higher volume operations are disregarded."

## STEPS TAKEN TO CONTROL PRICES

In this war the United States Government realized almost at the very beginning of hostilities abroad that price control should be instituted before a major price inflation gets under way. As early as September 29, 1939, 1 month after the beginning of the war, the President requested the Temporary National Economic Committee to keep a close watch on price developments. This was followed 8 months later by the establishment of a separate agency whose duty was to work toward the stabilization of prices. This agency, headed by Mr. Leon Henderson, existed under three different names. In 1941 it became the Office of Price Administration.

As outlined in the hearings on the price-control act, the principal methods utilized by the Government to stabilize prices included: (1) measures to increase the supply of important commodities, such as the stimulation of imports, the control of exports, the encouragement of full-capacity operations, and the fostering of additions to productive capacity; (2) efforts to influence buying practices of Government agencies, particularly the Army and the Navy, as well as the trade practices of private concerns, in order to diminish upward price pressures, reduce unnecessary accumulations of demand for goods with known shortages, and encourage shifts to substitutes, etc.; (3) the issuance of suggestions, requests, or warnings to industries and to individual concerns; (4) actual price agreements entered into with individual companies or groups of companies; (5) formal price ceilings established through the issuance of schedules of maximum prices.

## WHY LEGISLATION WAS NEEDED

These price-control activities of the Government were carried out on a very wide scale without the benefit of a law giving the agency power to enforce its decision. Why then was a price-control law required in order that inflation might be prevented?

The answer to this question was made clear in the hearings on the bill. Without a law, the Office of Price Administration found it impossible to obtain compliance with its price control orders in certain industries. This was generally true of industries where sales were made by a large number of sellers, with no outstanding individual company or small group of companies.

The Office of Price Administration pointed out, as an example, the contrast between compliance with its ceiling prices set in the markets for

virgin metals and for scrap metals. In the former field, where there is a relatively small number of sellers, a high degree of compliance was obtained. But in the scrap markets, where sales involved thousands of buyers and sellers, the orders for compliance met with great difficulty.

The indirect powers at the disposal of the OPA—that is, the power of publicity, of commandeering plants, of exercising priority controls, and of refusing Government contracts—were not adequate to secure a satisfactory degree of compliance, or were not of a character to be readily invoked. It became apparent that if price control was to be effective in all fields it would have to be supported by specific legislation.

## HOW WILL THE ACT CONTROL PRICES

The first section of the price-control act sets forth its purposes and objectives. It declares that stabilization of prices is necessary to the effective prosecution of the war. Its aim is to prevent profiteering, to assure that defense appropriations are not dissipated by excessive prices and "to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living." Concern is also expressed as to the need for averting a disastrous post-war deflation. Whenever the price of any commodity rises or even threatens to rise in such a way as to endanger these objectives, the Administrator may step in and fix a maximum level beyond which the price may not go. The act contains certain general instructions as to the point at which these ceilings may be established, but, except for agricultural commodities, considerable discretion is granted the Administrator. He is instructed in particular to give due consideration, as far as practicable, to the price prevailing between October 1 and 15, 1941, and to allow also for such factors as speculative fluctuations and changes in costs and profits.

Since it may take considerable time to gather all the information needed to comply with these instructions, the Administrator is also granted the power to issue temporary regulations which can remain in effect for 60 days. This affords a way of dealing with runaway situations promptly, while permanent regulations are being drawn up.

The work already done by the Office of Price Administration is preserved by a provision that all the price ceilings established before the act became effective can be immediately republished and given full statutory authority provided they conform with the standards set in the act.

## HOW THE LAW WILL BE ENFORCED

The act provides a number of methods for securing observance to the fixed prices. It sets forth penalties for the violation of the price schedules. The Administrator may obtain an injunction against any person who has engaged or is about to engage in an "unlawful act." In addition, violators are subject to a fine of not more than $5,000 or to imprisonment for 2 years or both. Furthermore, any consumer who buys a commodity for consumption at a price above the established ceiling may sue the person from whom he bought the article for $50 or for three times the amount by which the actual price exceeded the ceiling price, whichever is greater. If no person is entitled to bring such a suit, it may be instituted by the Administrator. In addition, the Administrator may establish a license system requiring all concerns subject to any price regulation to obtain a license as a condition of selling particular commodities. No licenses may be required, however, in the case of newspapers, motion pictures, agricultural products, and fishery commodities.

An additional, though indirect, check upon price movements is provided in the authority granted the Administrator to buy or sell, without regard to competitive bidding, any commodity in such quantities as he may think necessary. Strategic or critical materials, however, are to be purchased and sold by agencies operating under the Federal Loan Administrator.

The Price Administrator is given the further right to require dealers in commodities to make reports and furnish information under oath. Any person who makes a false statement in any document or report may be punished by imprisonment for not more than 1 year.

The Administrator is also granted the power to make subsidy payments to domestic producers. Under this provision, he will be able to fix prices at levels low enough to avoid high prices and large profits and at the same time to obtain by special subsidy payments the needed output of the high-cost, marginal producers.

The Administrator finally is given the power to regulate or prohibit speculative or manipulative

practices, including practices relating to changes in form or quality.

As a check on the activities of the Price Administrator any person concerned may protest a decision of the Administrator by filing a complaint with an Emergency Court of Appeals especially created for this purpose. The court is to consist of three judges appointed by the Chief Justice of the Supreme Court. The court may set aside an order of the Office of the Price Administration if it finds that the order is "not in accordance with law" or is "arbitrary" or "capricious." Appeals may then be taken to the United States Supreme Court.

## CONTROL OF RENTS

The provisions of the law with respect to rents are somewhat narrower than those relating to commodities. The power of the Administrator over rents is restricted to housing in defense areas. If rents in any such area appear to be advancing excessively, the Administrator may issue recommendations that they be stabilized or reduced. During the following 60 days, State and local authorities will have the opportunity of dealing with the situation directly. But if such action is unsuccessful by the end of the 60 days, the Administrator is empowered to issue regulations establishing maximum rents. As far as possible, these regulations must be based upon the rents prevailing on April 1, 1941, but consideration must also be given to any general changes in operating costs or taxes in each area. In any rent-control action, the Administrator is required by the act to consult with State and local officials.

Owners of rental property, like dealers in commodities, may be required to make reports and to furnish information upon oath. The Administrator has the power to prohibit speculative or other harmful practices affecting housing accommodations in defense areas. The act also makes it unlawful for the landlord in a defense area to move his tenant from the dwelling or to refuse to renew a lease or agreement simply because the tenant has filed a grievance with the Office of Price Administration.

## CONTROL OF FARM PRICES

The powers of the Price Administrator relating to prices on farm products are seriously restricted by a number of provisions incorporated in the act. He must obtain the prior approval of the Secretary of Agriculture before he can establish a ceiling on price of farm products.

Specifically, the Price Administrator cannot set a price ceiling on a farm product which is lower than—

(1) the market price for such commodity that prevailed on October 1, 1941, or

(2) the market price for such commodity that prevailed on December 15, 1941, or

(3) the average price for such commodity during the period July 1, 1919, to June 30, 1929, or

(4) 110 percent of the "parity price" for such commodity adjusted by the Secretary of Agriculture for grade, location, and seasonal differences.

The prices mentioned in the first three restrictions relate to farm products exclusively. "Parity prices," on the other hand, involve the price relationship between what the farmers produce and what they purchase. Briefly, a "parity price" of a farm product at a given time may be defined as the price which would enable a farmer to purchase with a specific amount of his farm product the same amount of goods and services as he could purchase on the average during the years 1909–14. For most agricultural products prices at 110 percent of parity are higher than those prevailing at present.

Another restrictive clause in the act deals with prices of commodities which are derived in whole or in part from agricultural raw materials. For example, no ceiling can be placed upon cotton clothing at a level which would not allow farmers a price for raw cotton at least as high as that made possible under the act. The price of flour must also not be reduced below a level which would not allow farmers a price on wheat at least as high as that possible under the law.

It is important to emphasize that most articles of food and clothing which constitute a very substantial part of the consumer's budget are made from raw materials produced on the farm. The limitations thus placed upon the Price Administrator with regard to prices on farm products might seriously hinder him in his effort to put an effective check on the rise in the cost of living, particularly in view of the fact that food prices, which have been rising more than other prices, make up about one-third of the cost of the typical wage-earner's family budget.

## RATIONING AS A CHECK ON INFLATION

It is generally agreed that fixing prices under the price-control act cannot by itself prevent inflation. Purchasing power in the hands of consumers is

rising rapidly as the Government spends billions of dollars each month in the war effort. At the same time, the supply of goods available for civilians grows steadily smaller as raw materials, machines, and manpower are diverted from producing food, clothing, automobiles, and other products for civilian use to turning out airplanes, ships, tanks, and other military equipment and supplies.

This pressure is being partly relieved by the voluntary purchases of defense stamps and bonds by all economic groups and especially by wage earners and their organizations. Increased taxes this year and further increases contemplated in the coming years will also reduce the available purchasing power. But even this will not be enough to offset the pressure toward higher prices when there are not enough articles available to supply all potential purchasers.

When shortages occur there is only one medium left by which the limited supply of goods can be distributed among the civilian population so that rich and poor alike can obtain their share based on their respective needs rather than on their ability to purchase. This is rationing. Most other nations at war have already resorted to it with considerable success. The rationing applied in this country to automobiles and tires and, in the near future, to sugar will no doubt have to be extended to more and more articles. It is the most equitable method of insuring their just distribution and at the same time preventing a dangerous rise in the price structure.

The power to ration commodities previously had been lodged in agencies other than the Office of Price Administration. Under the terms of the Emergency Price Control Act of 1942, the President has the right to transfer the rationing power to other agencies, and in accordance with this clause rationing of goods to consumers has been largely delegated to the Office of Price Administration.

In contrast to the rationing of foodstuffs in the first World War, rationing will now be enforced by compulsory power. Already the Government has successfully proceeded against violators of the tire-rationing order.

Direct price control is, therefore, only one of the ways in which the Government is attempting to keep living costs down and to prevent a repetition of the disastrous inflation of World War I. By itself, it is only a partial and ineffective solution, but hand in hand with rationing, taxation, and other measures it may prove successful in preventing a rapid rise in the cost of living and thus effectively slow down, if not altogether halt, the trend toward inflation.

# Industrial Accident Prevention and War Production

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In the Nation's effort to attain the greatest possible output of war material in the shortest possible time, management, labor, and the Government must bend every effort to reduce to an absolute minimum the toll of lost manpower and waste of precious time arising from industrial accidents. Such accidents maim and kill workers whose services and skills are essential; they cause loss of time when time is all-important; they damage materials so urgently needed for the prosecution of the war; and, finally, these accidents in the mine, mill, and shop also often ruin machinery and tools without which the implements of war cannot be produced.

In 1940, industrial injuries robbed the country forever of the services of 18,100 workers who were either killed or totally disabled. They permanently impaired the skills and abilities of 89,600 other men and women who lost an arm, hand, finger, eye, leg, or foot, and disabled 1,782,000 additional workers for an average period of 23 days each. Preliminary statistics, based upon accident reports from several highly industrialized States, indicate a substantial increase in fatal and nonfatal accidents for 1941, largely as a result of the unprecedented rise in industrial production. Fortunately, the great majority of the increased number of accidents last year were temporary in nature. That is, they prevented injured workers from immediately returning to their jobs and thus caused substantial time loss but did not result in permanent injury.

No industrial accident can be excused or condoned or treated lightly when measures can be taken to prevent it. Such effective prevention of industrial accidents demands that (1) all technical information on methods of prevention be made readily available to the plant and to the workers; (2) plant management make special effort to arouse the foremen and workers to the need of observing safety practices at all times; and (3) trained men and women be available in the plant to put the safety program into effective operation.

This country has the technical information to reduce accidents. A storehouse of knowledge on the subject of accident prevention and safety practices has been accumulated during the past quarter of a century. Unfortunately, however, the advent of the national defense program almost 2 years ago found many managers, especially in small plants, who were not sufficiently concerned with safety, and too few supervisory workers with the knowledge and experience required to put accepted principles of accident prevention into actual practice.

## NATIONAL SAFETY COMMITTEE

To forestall as much as possible a rise in industrial accidents as a result of greatly increased industrial activity, the Secretary of Labor created, in June 1940, the National Committee for the Conservation of Manpower in Defense (now War) Industries. Serving on a voluntary basis, this committee includes safety experts from private industry, representatives of organized labor, and State officials administering safety and health laws. From the outset, its principal objective has been to sponsor and supervise plans whereby every industrial establishment operating under Government contract would have available, without cost, information and expert service to assist it in developing safety programs designed to—

1. Prevent the maiming, killing, and injuring of trained workers essential to industries engaged in war production.
2. Prevent the loss of valuable production time on the part of workers through sickness, accidental injury, and occupational disease.
3. Prevent disruption of and delays to production schedules, damage to machines and equipment, and wastage of materials which follow in the wake of accidents.
4. Control, insofar as possible, all environmental factors which may render the worker less fit for the job of maintaining quantity and quality production.

In brief, the plan developed by the committee calls for the pooling of all knowledge regarding accident prevention and conservation of industrial health of workers for the benefit of wage earners and employers, irrespective of the size of the establishment or the importance of the industry. Government, management, and labor participate and share equally in the benefits—management benefits through uninterrupted and less costly production; labor, through steady wages and fewer deaths and disabling injuries; and the Government, through the prompt delivery of the needed war materials.

*Safety Representatives.*—The task of recruiting a capable and sufficiently large field staff to carry the services of the committee directly to employers and workers engaged in production of war materials and supplies was not easy. The qualifications for field men were stiff. The men had to possess technical ability in industrial safety so that they could instantly spot an accident hazard in the plant and suggest the proper method of correction. They also had to have sufficient enthusiasm for safety prevention work to do a good job in convincing management. The problem was solved by asking safety experts employed by some of the country's large industrial establishments to act as "special agents" or field representatives of the national committee. The response of the safety men and of their employers was gratifying, and at the present time more than 400 industrial safety experts in all parts of the country are available as special field representatives for safety promotion work in factories and establishments engaged in the production of war materials.

As soon as a company is awarded a Government contract, it is informed by the Public Contracts Division of the Department of Labor of its obligations under the Walsh-Healy Act of taking proper safeguards to protect workers from injury. The employer is also informed of the availability of a field representative of the national committee competent to assist him in discovering and correcting hazards, in organizing a safety program, and in setting up shop safety committees.

Under the present ever-expanding war production program, the safety field representatives must carefully scrutinize, for example, the accident experience of new and untrained workers; crowded shop conditions resulting from the addition of extra machinery or labor without increased floor space; laxness in plant maintenance and

housekeeping practices (such as keeping floors clean, prompt disposal of rubbish, oily rags, etc.) resulting from continuous three-shift operations or from other causes; and the effect of the use of new or more dangerous substitute materials and chemicals upon workers. A current illustration of the use of substitutes is found in the renewed use of dangerous benzol as a solvent in spray coating and in removing grease from machinery in place of toluol, which is being withdrawn for military purposes.

Some employers still feel that their responsibility and the cost of industrial injuries end with the payment of insurance premiums required under the State workmen's compensation law. They therefore manifest little interest in safety problems, and many even fail to keep records showing the number and type of accidents occurring in their plants. To overcome such indifference, field safety representatives often compute the accident frequency rate for the plant. It may be only a rought estimate based upon such accident reports to the insurance company as can be found, together with the employer's estimate of the total number of man-hours of employment during the period under survey.

Once, however, employers have had the opportunity to compare their injury records with more favorable records of other plants which have followed established safety practices, they are usually quick to perceive that accidents are more numerous than they had suspected and more costly to them and to their workers than indicated by their workmen's compensation payments. A request for an appraisal of the physical hazards in the plant and recommendations for their correction is often the outcome. Some establishments have hired full-time safety engineers. Many more have organized safety committees among employees and have kept a careful tabulation of all injuries occurring in the plant.

*Training courses.*—The National Committee for the Conservation of Manpower in War Industries, in cooperation with the United States Office of Education, has also established courses for training foremen and other key supervisory employees in the techniques of organizing safety programs among workers under their supervision. The instruction is offered by experienced and practical safety engineers. Those taking the course, which generally extends over 16 weeks, first receive a brief review of the progress of the safety movement, its broad objectives, and the economic advantages of accident prevention. This is followed by more intensive instruction covering such problems as the organization of safety work and how to measure its effectiveness, proper safeguards for dangerous machinery, protective measures to be used by workers, industrial health hazards, fire prevention, first aid, and the development of plans to arouse greater interest among management and workers in reducing the number of industrial accidents in their plants.

The courses were first offered during the autumn of 1941 in 42 engineering colleges located in important industrial areas throughout the country. About 5,000 students were graduated from nearly 200 separate classes. Enrollment in spring courses exceeds 12,000, and it is estimated that during the next 18 months approximately 30,000 students and key supervisory employees will receive instruction in safety and accident prevention work.

The combined effect of these two integrated programs of the National Committee for the Conservation of Manpower—the one offering expert safety services to employers, and the other providing specialized instruction in the techniques of practical shop safety for plant supervisors—establishes the groundwork for a large-scale offensive to reduce human and economic loss caused by industrial accidents. The day-to-day work in carrying out the program rests in the Division of Labor Standards of the United States Department of Labor, which acts as the clearing house for the activities of the National Committee for the Conservation of Manpower in War Industries.

In connection with this work, the Division has issued a series of special pamphlets to assist the safety work of its field agents and to supply information on accident prevention to employers and workers. One of these bulletins, for example, sets forth the need for safety in defense production; a second lists a series of "do's and dont's" to advise workers about job hazards; a third relates to such specific subjects as industrial fatigue and poisons; a fourth describes protective methods to be followed in welding; and another discusses the value and method of computing accident frequency rates.[1]

[1] *Copies of these and other publications on prevention of industrial accidents and occupational diseases may be secured by writing to the Division of Labor Standards, U. S. Department of Labor, Washington, D. C.*

# Production, Employment, and Pay Rolls in 1941

NELSON M. BORTZ

Bureau of Labor Statistics

All previous total production records were shattered in 1941 as a result of the steadily mounting production of military equipment and supplies combined with substantial increases in the output of many kinds of civilian goods. Total output of mines, mills, and factories was 27 percent greater than in 1940 and 56 percent greater than the average for the 5 years 1935–39. It was almost three times as large as in 1932, the worst year of the depression, and 42 percent above the predepression high mark of 1929.

The year was characterized by an increased concentration of the Nation's productive capacity to meet defense needs and to fulfill obligations under the lend-lease program to aid foreign countries resisting aggression. This resulted in a growing scarcity of critical raw materials and the curtailment of production of civilian goods using these materials. By the middle of May, the country's supplies of aluminum, magnesium, and nickel were being strictly allocated by Government priorities. Zinc and copper were added to the priority list shortly afterward, and the use of steel for civilian purposes was sharply curtailed. The diversion of essential raw materials to war needs proceeded gradually in most instances, thus allowing industries and factories to taper off their output of civilian goods while preparing for the conversion of their facilities to the production of war materials. With the sudden entry of the United States into the war in December, positive steps were taken to hasten the conversion of the automobile and other large industries to the production of military equipment and supplies.

*Production.*—Output of all durable-goods manufacturing industries combined was 40 percent larger in 1941 than in the preceding year. The outstanding increases were registered in the industries exclusively or largely devoted to the production of war material and equipment—steel, shipbuilding, aircraft, engines and turbines, and machine tools. Substantial increases also occurred in many industries producing durable consumer goods, such as automobiles and furniture.

The increase in production of nondurable manufactured goods was about half as great as the gain in durable-goods output. Although frequently referred to as consumer producing industries because of their widespread production of articles directly purchased and used by individual consumers, many of these industries likewise felt the impact of the defense effort. Thus, large military orders for clothing and shoes accounted for a substantial part of the rise of 32 percent in textile output and of 25 percent in leather manufactures.

Total output of minerals was only 7 percent larger than in 1940. It was, however, 25 percent above the 1935–39 level. Bituminous-coal production rose about 11 percent, and smaller increases were registered in anthracite mining and the extraction of crude petroleum. Output of iron ore rose 25 percent, but only slightly more copper and lead were mined than in the preceding year.

Private building construction advanced 18 percent in 1941, and public construction, largely as a result of greatly increased expenditures for new industrial and military facilities, rose about 90 percent. Class I railroads reported one of their best years on record, with total freight-car loadings higher than for any time in a decade.

*Employment.*—More workers had jobs in industries other than agriculture in 1941 than in any previous year on record. Averaged over the 12 months of the year, total nonagricultural employment was 9 percent larger than in 1940 and 40 percent larger than in 1932, when it declined to the lowest point of the depression. It was also about 8 percent larger than in 1929.

Manufacturing industries accounted for the largest increase in employment during the year. Nearly 1⅞ million more wage earners had factory jobs in 1941 than in 1940. This was an increase of about 19 percent. In durable-goods manufacturing employment averaged 29 percent above 1940, and in the nondurable-goods industries the rise was 10 percent.

Construction employment also advanced markedly in 1941, registering an average increase of nearly half a million workers, or about 36 percent. The gains in employment among the other groups of nonagricultural industries were considerably smaller averaging 8 percent in the Federal, State,

and local Government agencies, 6 percent in transportation and public utilities, and less than 5 percent in finance and service establishments, retail and wholesale trade, and mining.

Farm employment in 1941, including farmers, members of their families working on the farm, and hired hands averaged 10,267,000, according to the Department of Agriculture. This was slightly lower than the average for 1940.

The number of unemployed persons, including those on relief projects operated by the Federal Government, declined sharply. Estimates of the Work Projects Administration indicate that between December 1940 and December 1941 the number of unemployed declined from 7,100,000 to 3,800,000. This was a decrease of 46 percent.

*Pay Rolls and Earnings.*—Total weekly factory pay rolls rose 41 percent in 1941 and were 72 percent higher than the average for the 5-year period 1935–39. They were also almost 35 percent higher than in 1929 and more than three times as large as in the depth of the depression.

Several factors account for the recent large increase in weekly pay rolls. First, and most important, has been the substantial rise in the number of workers employed in manufacturing industries. Other factors include increases in basic rates of pay of workers, a longer normal workweek and extra pay for overtime in excess of the normal week, and, lastly, an increase in the proportion of the higher-paid skilled and semiskilled workers on industry pay rolls.

The effect of these various factors was felt most strongly in durable-goods manufacturing. Total weekly wage payments in this group of industries rose nearly 56 percent last year. In the nondurable-goods group, average pay rolls advanced 24 percent.

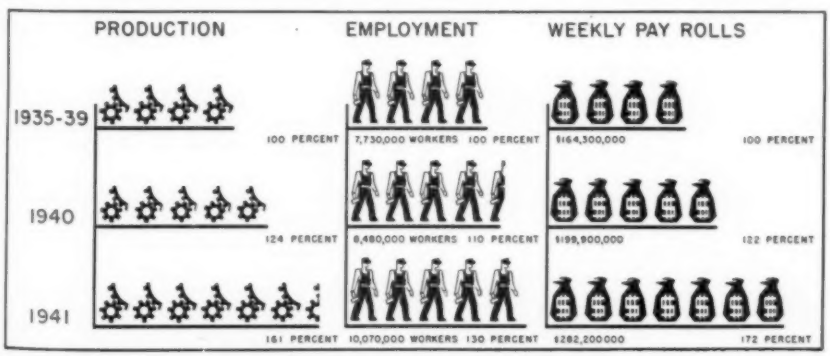
Hourly and weekly earnings followed the trend established in total wage disbursements. Over the 12 months, December 1940 to December 1941, average hourly earnings of factory workers producing durable goods rose from 75 to 87 cents. This was an increase of slightly more than 16 percent. The rise in average hourly earnings of nondurable-goods workers was not so pronounced, advancing from 61½ cents in December 1940 to 69½ cents in December 1941—a gain of 12½ percent.

Higher hourly earnings combined with a longer workweek and overtime pay resulted in substantial increases in average weekly earnings. For workers employed in all durable-goods groups combined, weekly earnings of $38.65 in December 1941 averaged slightly more than 21 percent above the weekly earnings of $31.95 in December of the preceding year. For workers in nondurable-goods manufacturing, average earnings of $26.90 per week in December 1941 were 16 percent above the $23.10 weekly average for the corresponding month of the preceding year.

According to estimates of the Department of Commerce, the total income paid out in wages and salaries in 1941 to all employees and employers in the United States amounted to nearly 61.2 billion dollars—an increase of 12.2 billion dollars, or 25 percent, compared with 1940. The total national income advanced 22 percent, from 77.2 billion dollars in 1940 to 94.5 billion dollars in 1941.

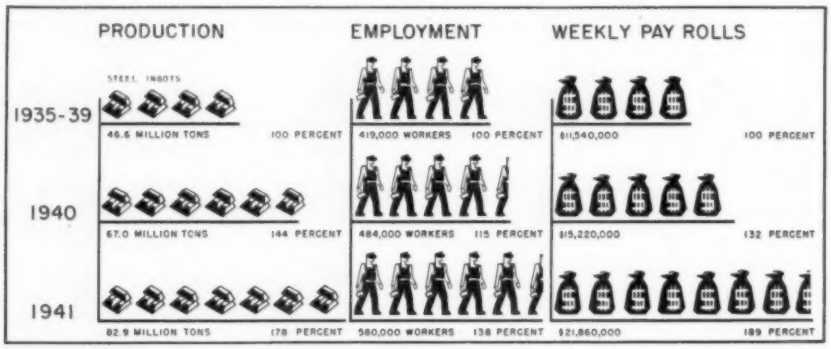
## Manufacturing Industries

Factory output in 1941 attained the highest point on record. Averaged over the 12 months of the year, the Federal Reserve Board's index shows that it was about 30 percent greater than in 1940 and 61 percent greater than for the period 1935–39. Total weekly wage disbursements of manufacturing industries matched the rise in production, while the increase in factory employment, although not as marked, was nevertheless substantial. For every 1,000 workers with factory jobs during the 5 years 1935–39 1,300 were so employed last year, as against 1,100 in 1940. Similarly, for every $1,000 in factory wages paid out in 1935–39, manufacturing industries paid out on the average $1,720 in 1941, compared with $1,220 in 1940.



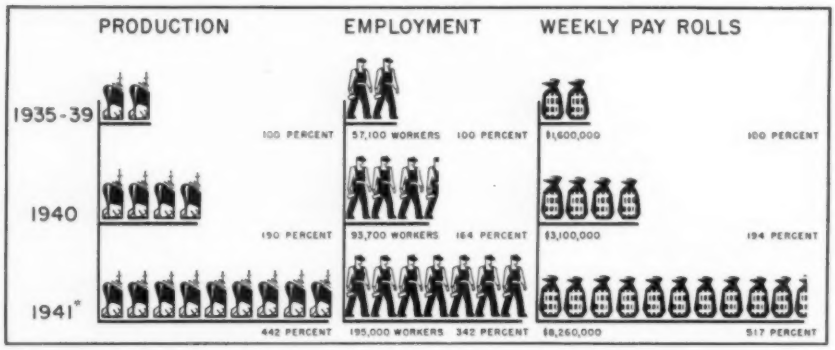
## Steel

Record output of nearly 83 million tons of steel ingots and castings last year exceeded the preceding year by nearly 24 percent. It was also 34 percent greater than production in 1929. The number of workers employed in blast furnaces, steel works, and rolling mills likewise rose to unprecedented heights in 1941. Average employment was 19 percent higher than in 1940 and 38 percent higher than in 1935–39. The industry's pay roll in 1941 was on the average 44 percent larger than in 1940 and almost twice as large as the annual average reported during the 5-year period 1935–39.




## Shipbuilding

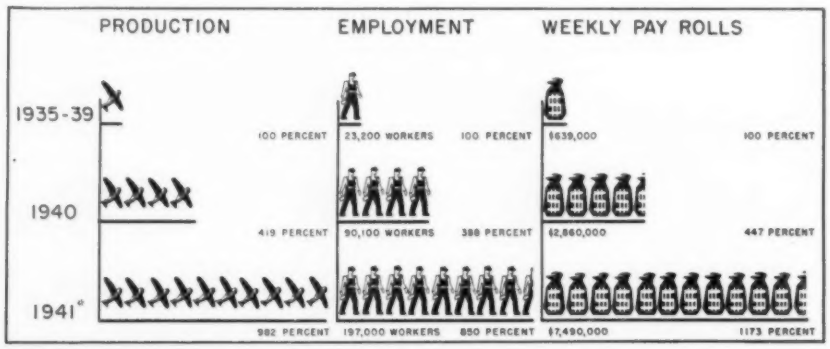
The Nation's "bridge of ships" came closer to realization in 1941. Output of shipyards rose substantially last year and was over 4 times as great as the average rate of construction during the pre-war years, 1935–39. The number of shipyard workers likewise advanced markedly in the first 11 months of 1941 and averaged more than twice as large as in the preceding year. Employment in the industry last year was more than three times as large as in 1935–39. Average 1941 weekly wage disbursements were 2½ times as large as in 1940. They were more than 5 times as large as in the period 1935–39.




**Data cover first 11 months, January to November.*

## Aircraft

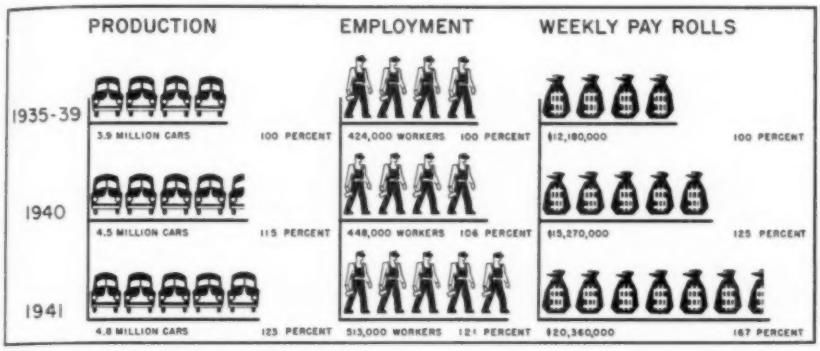
Activity in the aircraft industry during the first 11 months of 1941 was more than twice as great as in the year of 1940. It was almost 10 times as great as the average for the 5 years 1935–39. The expansion in employment in the industry was also marked, rising from an average of 90,100 workers for the 12 months of 1940 to an average of 197,000 workers for the first 11 months of last year. Weekly pay rolls, averaged over the period January to November 1941, were over 2½ times as large as in 1940 and about 12 times as large as the annual average for the 5-year period 1935–39.




**Data cover first 11 months, January to November.*

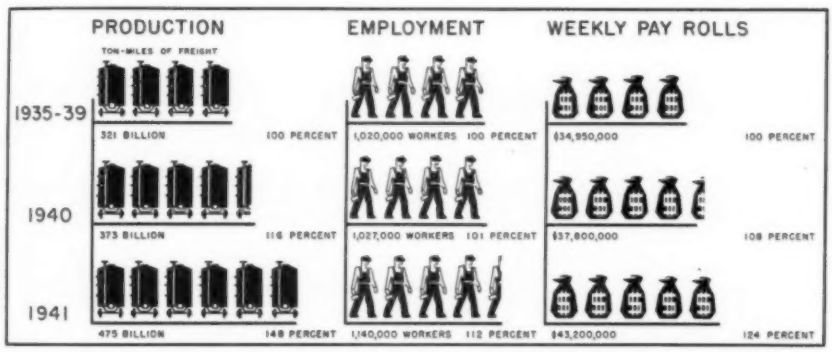
## Automobiles

Despite a sharp curtailment in output in the last 2 months of the year, more passenger cars and trucks were produced in 1941 than in any year since 1929. Motor car and truck assemblies were 7 percent larger than in 1940 and 23 percent larger than the average output for the period 1935–39. The number of workers employed in the industry rose 15 percent above 1940 and averaged 21 percent above the level of 1935–39. Weekly pay rolls to wage earners employed in this large mass-production industry registered the largest gain—averaging 33 percent above 1940 and 67 percent above 1935–39.



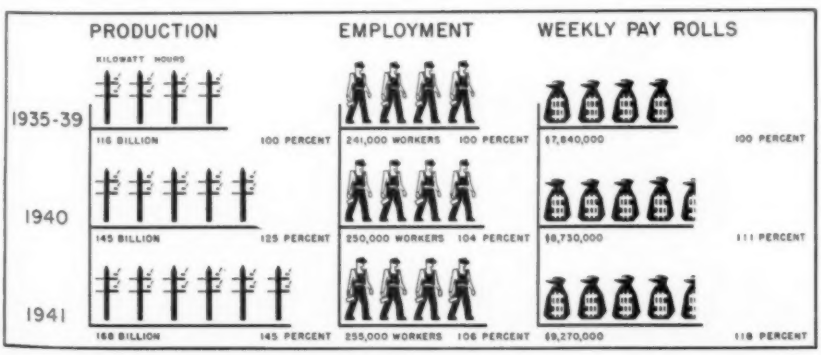

## Class I Railroads

Based upon the amount of freight handled and the distance this freight was hauled, class I railroads in 1941 surpassed their best previous record of freight performance established in 1929. The 475 billion ton-miles of revenue freight transported last year represented an increase of 27 percent over 1940 and of 48 percent over 1935–39. Average employment in 1941 was about 11 percent higher than in the preceding year, and 12 percent above the average for 1935–39. Total weekly pay rolls in the railroad industry rose 14 percent in 1941 and averaged 24 percent above the 1935–39 period.



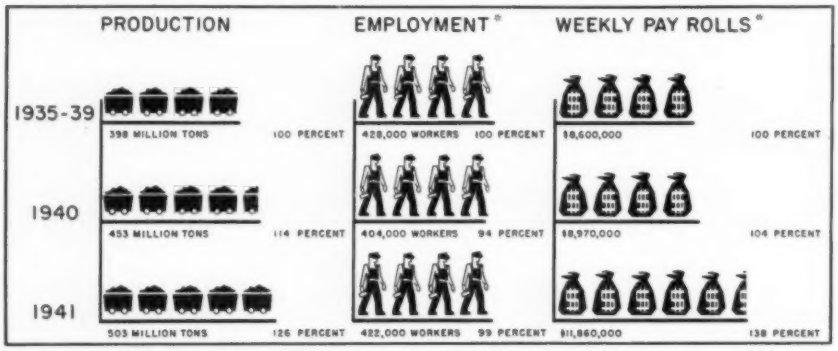

## Electric Light and Power

Total production of electric energy in 1941 again soared to a new peak, with the generation of 16 percent more electricity than in 1940. Last year's output was also 45 percent greater than the average for the 5 years 1935–39. The number of wage earners employed in electric light and power establishments advanced slightly during 1941 to a point about 6 percent above the level of 1935–39. Total weekly pay rolls in the industry also rose in 1941. For the year, as a whole, they averaged about 6 percent larger than in 1940 and 18 percent larger than the average amounts paid out over the period 1935–39.



## Bituminous Coal

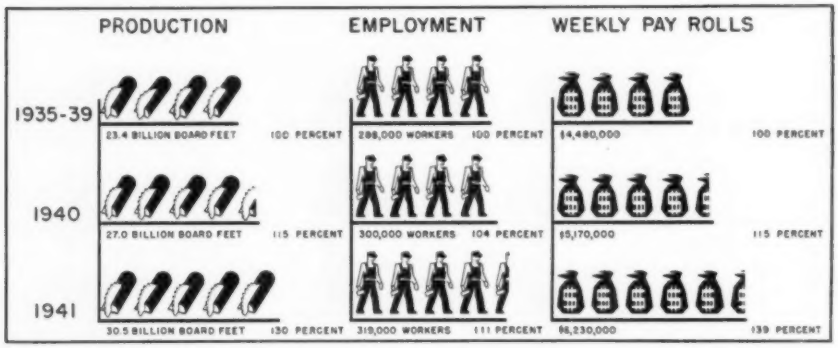
The slightly more than 500,000,000 tons of bituminous coal mined in 1941 represented an increase of 11 percent over the output of 1940. It also exceeded average production for the 5 years 1935–39 by 26 percent. Employment in the industry, although still slightly lower than during the 5 years 1935–39, averaged 5 percent above the level of 1940. Total weekly pay rolls to bituminous coal miners rose 32 percent last year largely as a result of greater regularity of employment and higher rates of pay. They also averaged 38 percent above the 1935–39 level of wage payments in the industry.




**Data exclude months affected by industry-wide stoppages of work.*

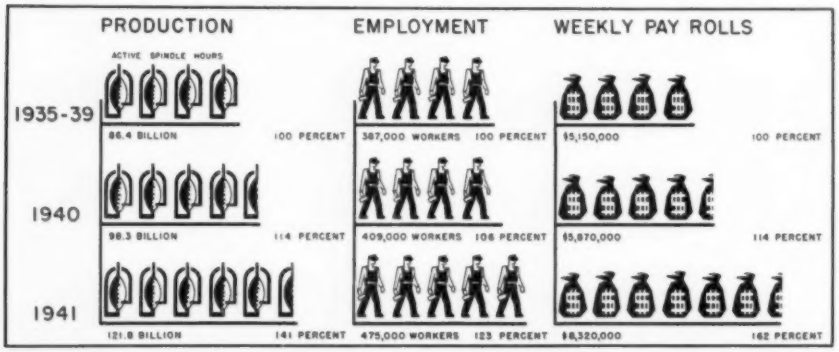
## Lumber

Stimulated by large Government orders for defense needs and substantial increases in private construction, particularly during the first half of the year, total output of lumber in 1941 was 13 percent greater than in 1940 and 30 percent above the 1935–39 average. Employment in sawmills and logging camps rose nearly 7 percent last year and averaged 11 percent above 1935–39. Total weekly pay rolls rose more sharply than employment. For the year 1941, as a whole, weekly wage payments averaged 20 percent higher than in 1940 and 39 percent higher than for the 5 years 1935–39.



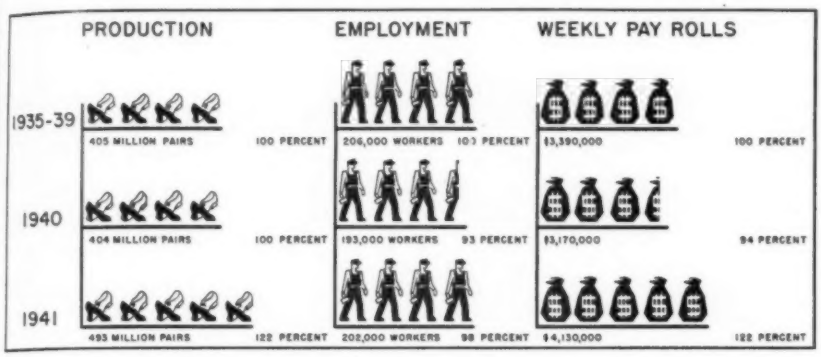

## Cotton Textiles

Based on the number of hours cotton spindles were in operation, last year's rate of activity was 24 percent greater than in 1940 and 41 percent greater than 1935–39. The number of workers employed in cotton-goods manufacturing rose markedly in 1941 and averaged 23 percent above 1935–39. Total weekly pay rolls also rose sharply last year and averaged 62 percent higher than in 1935–39. Part of this increase in pay rolls was due to the higher minimum hourly rates of pay recommended by industry committees operating under the provisions of the Fair Labor Standards Act.



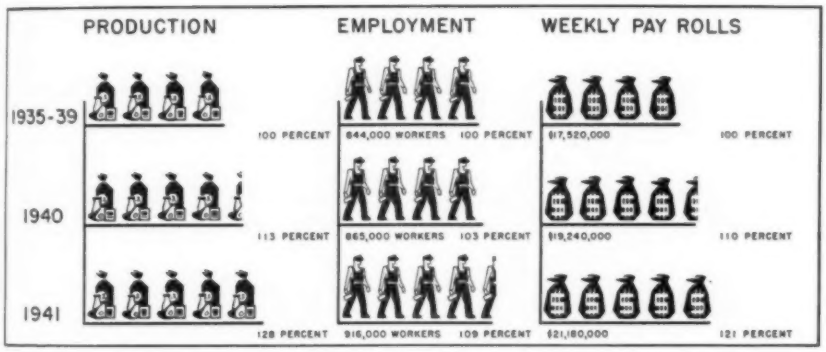
## Boots and Shoes

Production of leather boots, shoes, and slippers rose sharply in 1941. The year's output was nearly a fifth larger than for either 1940 or the average for 1935–39. Although the number of workers employed in shoe factories in 1941 was 5 percent above the average for 1940, it was still slightly below the level prevailing over the period 1935–39. Weekly pay rolls, however, reflected the increase in production which was due in part to large Government purchases for the military forces of the Nation. Pay rolls advanced on the average 30 percent over 1940 and were 22 percent above their 1935–39 level.



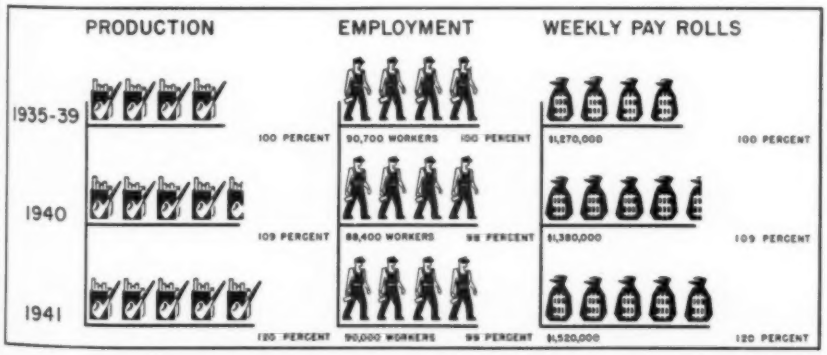

## Manufactured Foods

The combined production of various food industries, including among others bakeries, flour mills, canning and preserving establishments, meat-packing houses, and confectionery, beverage, and ice-cream producers, rose 13 percent in 1941. Output was also about 28 percent above the average for 1935–39. The advance in employment was not so pronounced, averaging about 6 percent higher than in 1940 and 9 percent higher than 1935–39. Total average weekly pay rolls for the food industry, as a group, were about 10 percent larger than in 1940 and 21 percent larger than in 1935–39.




## Tobacco Products

Output of cigars, cigarettes, and other manufactured tobacco products continued to rise in 1941. Total production for the year was estimated to be about 10 percent larger than in 1940 and 20 percent larger than average output during the 5 years 1935–39. Factory pay rolls matched the increase in output, but employment showed very little change from the level which has prevailed in recent years. Thus, for every 1,000 workers with jobs in the industry in 1935–39 data compiled by the Bureau of Labor Statistics show that about 990 were employed last year in tobacco manufacturing establishments, as against 980 in 1940.



# Employment and Pay Rolls in January 1942

Seasonal declines in trade, construction, and manufacturing accounted largely for the decrease of about 1,235,000 in civil nonagricultural employment between the middle of December and the middle of January. Considerably more than half of this decline in employment took place in wholesale and retail stores, which laid off approximately 760,000 temporary workers who had been hired to help handle the Christmas holiday trade. Reduction in the volume of Federal and non-Federal construction resulted in the lay-off of about 161,000 building-trades workers, and total factory employment declined by 145,000. Despite these decreases, total nonagricultural employment of 39,850,000 in January was about 2,700,000 larger than in January 1941.

## PRIVATE EMPLOYMENT

*Manufacturing.*—The chief reductions in factory employment occurred among the consumer durable-goods industries, which are in the process of converting all or a large part of their facilities to the manufacture of war materials. In automobile plants, for example, 50,000 fewer wage earners were employed in January, although full scale conversion of this industry to war production was not slated until the beginning of February. Other consumer durable-goods industries showing substantial declines in employment included stoves, radios and phonographs, furniture, washing machines, and clocks and watches. Substantial reductions were also reported by such metal working industries as hardware, plumbers' supplies, stamped and enameled ware, wirework, and lighting equipment.

Many of the declines in employment in nondurable-goods industries were due to a seasonal slackening of activity. These included canning and preserving, confectionery, and tobacco. Shortages of raw materials, such as rubber and wool, caused decreases in other nondurable-goods industries, particularly tires and tubes, woolen and worsted goods, and carpets and rugs.

As a result of these various factors, the Bureau of Labor Statistics index for all manufacturing industries declined slightly in January but remained nearly 15 percent above January 1940. Based on average employment during 1923–25 as 100, the index stood at 132.5 in January, as against 134.3 in the preceding month and 115.5 in January a year ago.

Total weekly pay rolls, on the other hand, advanced slightly in January, largely because of expansion in hours of work, overtime payments, and increases in wage rates. The Bureau's factory pay-roll index shows that for every $1,000 paid out in wages during 1923–25, manufacturing industries disbursed $1,732 in January, compared with $1,702 in December 1941 and $1,207 in January 1941.

**Factory Pay-roll Index**

1923–25=100

| | |
|---|---|
| *1942* | |
| January | [1] 173.2 |
| *1941* | |
| December | 170.2 |
| November | 165.5 |
| October | 166.6 |
| September | 163.0 |
| August | 158.3 |
| July | 152.7 |
| June | 152.1 |
| May | 144.1 |
| April | 134.7 |
| March | 131.2 |
| February | 126.8 |
| January | 120.7 |

[1] *Preliminary.*

*Nonmanufacturing.*—About 46,000 fewer workers were employed in finance and service establishments in January than in the preceding month. Transportation and public utilities reported a reduction of 34,000 employees. Approximately the same number of workers were employed in anthracite and bituminous-coal mining, metal mining, and crude-petroleum production, but a substantial reduction in quarrying and nonmetallic mining resulted in a decline of 30,000 in employment for the mining group as a whole.

## PUBLIC EMPLOYMENT

The lay-off of large numbers of temporary post-office workers hired to expedite the movement of mail and parcel post during the Christmas season more than offset the increase in employment in the war services of the Government. As a result, total employment in all branches of Government—Federal, State, and local—declined by 57,000.

*Federal Service.*—About 1,645,000 persons were employed in the executive branch of the Federal Government in January. Their pay roll for the month aggregated $252,740,000. The legislative branch employed 6,400 persons at a pay roll of $1,380,000, and the judicial branch 2,600 workers at a pay roll of $667,000.

*Construction Projects.*—Employment and earnings on construction projects financed wholly or in part from Federal funds in January were:

| Project | Employment | Earnings |
|---|---|---|
| All construction projects | 1, 065, 900 | $178, 515, 000 |
| Regular Federal Government appropriations | 1, 025, 000 | 172, 050, 000 |
| U. S. Housing Authority | 22, 900 | 3, 075, 000 |
| Reconstruction Finance Corporation | 15, 600 | 3, 100, 000 |
| Public Works Administration | 1, 900 | 250, 000 |
| Defense Public Works | 500 | 40, 000 |

*Work Projects.*—A further drop in employment on projects of the Work Projects Administration occurred in January. Employment of approximately 1,024,000 workers during the month was 29,400 less than in December and total W. P. A. wage disbursements of $62,900,000 were $6,870,000 smaller than in December.

*C. C. C. and N. Y. A.*—Employment of enrolled workers, camp supervisors, and instructors in the Civilian Conservation Corps aggregated 140,000 in January, and wage payments totaled $6,860,000. The National Youth Administration provided jobs for 544,000 boys and girls in January, whose earnings totaled nearly $7,670,000.

*Estimated employment and pay rolls in manufacturing industries*

[January 1942, December 1941, and January 1941]

| Industry | Number of workers employed | | | Amount of weekly pay roll | | |
|---|---|---|---|---|---|---|
| | January 1942 [1] | December 1941 [2] | January 1941 | January 1942 [1] | December 1941 [2] | January 1941 |
| **All industries** [3] | **10, 456, 100** | **10, 600, 900** | **9, 113, 200** | **$328, 549, 000** | **$322, 876, 000** | **$229, 030, 000** |
| *Durable-goods groups* [3] | *5, 536, 800* | *5, 558, 400* | *4, 557, 300* | *204, 348, 000* | *196, 547, 000* | *132, 262, 000* |
| Iron and steel | 1, 222, 700 | 1, 236, 100 | 1, 090, 900 | 44, 432, 000 | 44, 492, 000 | 33, 249, 000 |
| Machinery | 1, 639, 300 | 1, 625, 500 | 1, 237, 000 | 67, 411, 000 | 64, 647, 000 | 39, 913, 000 |
| Transportation equipment | 1, 193, 400 | 1, 175, 800 | 861, 000 | 56, 434, 000 | 49, 920, 000 | 30, 355, 000 |
| Nonferrous metals | 359, 900 | 362, 900 | 327, 000 | 12, 895, 000 | 12, 668, 000 | 9, 579, 000 |
| Lumber | 676, 200 | 697, 400 | 648, 700 | 14, 852, 000 | 15, 706, 000 | 12, 472, 000 |
| Stone, clay, glass | 334, 500 | 349, 400 | 300, 900 | 8, 917, 000 | 9, 483, 000 | 7, 063, 000 |
| *Nondurable-goods groups* [3] | *4, 919, 300* | *5, 042, 500* | *4, 555, 900* | *124, 201, 000* | *126, 329, 000* | *96, 768, 000* |
| Textiles | 1, 803, 900 | 1, 840, 700 | 1, 733, 100 | 37, 718, 000 | 38, 690, 000 | 30, 108, 000 |
| Leather | 320, 600 | 320, 900 | 302, 200 | 7, 525, 000 | 7, 453, 000 | 5, 816, 000 |
| Food | 897, 600 | 935, 100 | 806, 500 | 23, 393, 000 | 23, 830, 000 | 18, 237, 000 |
| Tobacco | 86, 100 | 93, 300 | 84, 100 | 1, 582, 000 | 1, 707, 000 | 1, 319, 000 |
| Paper and printing | 660, 700 | 681, 400 | 619, 500 | 20, 243, 000 | 21, 426, 000 | 17, 152, 000 |
| Chemicals | 493, 400 | 492, 300 | 418, 700 | 16, 846, 000 | 16, 647, 000 | 11, 778, 000 |
| Rubber | 135, 100 | 148, 800 | 132, 700 | 4, 677, 000 | 4, 787, 000 | 3, 872, 000 |
| Unclassified | 521, 900 | 530, 000 | 459, 100 | 12, 217, 000 | 11, 989, 000 | 8, 486, 000 |

[1] *Preliminary.* [2] *Revised.*

[3] *Major groups adjusted to 1939 Census of Manufactures. Because the subgroups have not been similarly adjusted, and because of overlapping, the totals of the subgroups under durable goods do not agree with the total for the group as a whole.*

## Hours of Work and Earnings in Manufacturing Industries

Employment in manufacturing industries averaged about 41½ hours per week in January. This was slightly longer than in December and about 2½ hours per week longer than in January 1941. Hourly earnings of employed factory workers in January averaged 80 cents—about 1½ cents an hour more than in the preceding month and 11 cents an hour more than in January a year ago. The average weekly wage income of workers employed in manufacturing industries of $35.10 was about $1.15 per week more than in December 1941, and $7.10 per week more than in January 1941.

In the five selected durable- and nondurable-goods manufacturing industries, average weekly hours of work and average hourly and weekly earnings in January 1942 were:

*Durable-goods manufacturing*

Weekly hours:
- 48.5 in aircraft.
- 47.0 in foundries and machine shops.
- 40.0 in blast furnaces and rolling mills.
- 38.0 in sawmills.
- 37.5 in brick manufacturing.

Hourly earnings:
- $0.98½ in blast furnaces and rolling mills.
- $0.95½ in aircraft.
- $0.87½ in foundries and machine shops.
- $0.67 in brick manufacturing.
- $0.58 in sawmills.

Weekly earnings:
- $46.45 in aircraft.
- $41.10 in foundries and machine shops.
- $39.25 in blast furnaces and rolling mills.
- $24.80 in brick manufacturing.
- $21.90 in sawmills.

*Nondurable-goods manufacturing*

Weekly hours:
- 43.5 in paper and pulp.
- 41.5 in slaughtering and meat packing.
- 40.5 in cotton-goods manufacturing.
- 38.5 in boots and shoes.
- 37.5 in petroleum refining.

Hourly earnings:
- $1.10½ in petroleum refining.
- $0.79 in slaughtering and meat packing.
- $0.76 in paper and pulp.
- $0.62 in boots and shoes.
- $0.51 in cotton-goods manufacturing.

Weekly earnings:
- $41.10 in petroleum refining.
- $33.05 in slaughtering and meat packing.
- $32.90 in paper and pulp.
- $23.65 in boots and shoes.
- $20.45 in cotton-goods manufacturing.

## Employment, Pay Rolls, Wages, and Hours in Selected Nonmanufacturing Industries

| Item | January 1942 [1] | Increase or decrease | |
|---|---|---|---|
| | | Dec. 1941 to Jan. 1942 | Jan. 1941 to Jan. 1942 |
| *Retail Trade* | | *Percent* | *Percent* |
| Employment | 3,664,800 | −15.3 | +5.7 |
| Weekly pay roll | $83,272,000 | −11.9 | +13.5 |
| Weekly hours | 42.0 | −.4 | −1.7 |
| Hourly earnings | $0.60 | +6.1 | +8.7 |
| Weekly earnings | $23.10 | +4.1 | +7.4 |
| *Wholesale Trade* | | | |
| Employment | 1,523,100 | −1.5 | +4.0 |
| Weekly pay roll | $53,198,000 | −.9 | +14.2 |
| Weekly hours | 41.0 | −1.1 | +.9 |
| Hourly earnings | $0.83 | +1.6 | +8.5 |
| Weekly earnings | $33.90 | +.6 | +9.8 |
| *Bituminous coal* | | | |
| Employment | 437,100 | −.2 | +5.7 |
| Weekly pay roll | $12,900,000 | −2.7 | +33.0 |
| Weekly hours | 31.5 | −.9 | +6.8 |
| Hourly earnings | $1.06 | −1.2 | +18.0 |
| Weekly earnings | $32.55 | −2.5 | +25.8 |
| *Metal Mining* | | | |
| Employment | 89,400 | +1.4 | +12.1 |
| Weekly pay roll | $3,095,000 | +.7 | +34.1 |
| Weekly hours | 43.0 | −.7 | +3.5 |
| Hourly earnings | $0.85 | [2] | +15.0 |
| Weekly earnings | $36.50 | −.7 | +19.6 |
| *Telephone and telegraph* | | | |
| Employment | 455,300 | +.3 | +12.3 |
| Weekly pay roll | $15,658,000 | +.9 | +19.4 |
| Weekly hours | 41.0 | +.4 | +3.2 |
| Hourly earnings | $0.83 | [2] | +2.9 |
| Weekly earnings | $33.60 | +.6 | +6.3 |
| *Power and Light* | | | |
| Employment | 252,400 | −1.1 | +1.7 |
| Weekly pay roll | $9,518,000 | −.7 | +8.8 |
| Weekly hours | 39.5 | −1.4 | +.5 |
| Hourly earnings | $0.95 | +1.3 | +5.9 |
| Weekly earnings | $37.90 | +.4 | +6.9 |
| *Street Railways and Busses* | | | |
| Employment | 197,800 | −.1 | +3.1 |
| Weekly pay roll | $7,448,000 | +.3 | +13.2 |
| Weekly hours | 46.5 | −1.0 | +2.0 |
| Hourly earnings | $0.78 | +.6 | +6.9 |
| Weekly earnings | $37.10 | +.4 | +9.7 |
| *Hotels* | | | |
| Employment | 274,900 | −1.1 | +1.4 |
| Weekly pay roll | $4,557,000 | −1.5 | +9.3 |
| Weekly hours | 45.5 | +.8 | +.5 |
| Hourly earnings | $0.36 | −.9 | +6.9 |
| Weekly earnings | $16.70 | −.4 | +7.8 |
| *Laundries* | | | |
| Employment | 251,000 | +.2 | +7.1 |
| Weekly pay roll | $4,523,000 | +1.3 | +15.7 |
| Weekly hours | 43.0 | +.6 | +.3 |
| Hourly earnings | $0.46 | +.6 | +7.7 |
| Weekly earnings | $19.80 | +1.1 | +8.0 |
| *Dyeing and cleaning* | | | |
| Employment | 64,300 | −3.1 | +8.8 |
| Weekly pay roll | $1,252,000 | −2.1 | +18.3 |
| Weekly hours | 42.0 | −.8 | −.1 |
| Hourly earnings | $0.53 | +2.1 | +8.5 |
| Weekly earnings | $21.90 | +1.0 | +8.7 |

[1] *Preliminary*

[2] *No change.*

# Business and Economic Conditions in January 1942

*National Income.*—January income payments, according to the Department of Commerce, aggregated 8,140 million dollars. This was substantially smaller than the December peak of 9,080 million dollars, but larger than the 6,695 million dollars paid out in January 1941.

*Farm Income.*—Cash income of farmers, including Government payments, totaled 1,097 million dollars in January, as against 1,235 million dollars in December and 754 million dollars in January a year ago. Total cash farm income in 1941 was estimated by the Department of Agriculture at nearly 11.8 billion dollars. This was an increase of about 2.7 billion dollars, or 29 percent over 1940.

*Automobiles.*—Production of passenger cars and trucks for normal civilian use ceased at the end of January as the industry began the conversion of its productive facilities to the manufacture of war equipment. Total January output of 238,300 cars and trucks compares with 282,200 in December and slightly more than 500,000 in January 1941.

*Bituminous Coal.*—Approximately 48,540,000 tons of bituminous coal were mined in January. Output in December totaled 46,670,000 tons and in January of last year 44,070,000 tons.

*Building Construction.*—The value of building permits issued in 2,582 cities in January amounted to $145,300,000, as against $177,100,000 in the preceding month and $189,270,000 in January 1941.

*Electric Power.*—Generation of electric power for public use in January totaled 15,350 million kilowatt-hours. This was about the same as in December and 1,700 million kilowatt-hours more than in January a year ago.

*Railroad Freight-Car Loadings.*—Class I railroads averaged 771,700 cars of freight per week during January, compared with 761,500 cars per week in December and 685,000 cars in January 1941.

*Steel.*—Output of 7,129,000 tons of steel ingots in January was almost as large as in December and 200,000 tons larger than in January 1941.

## Trend of Industrial Production

The Federal Reserve Board's adjusted index of industrial production again arose in January. Total output for the month was 21 percent larger than in January a year ago and 70 percent larger than average production over the 5 years 1935–39.

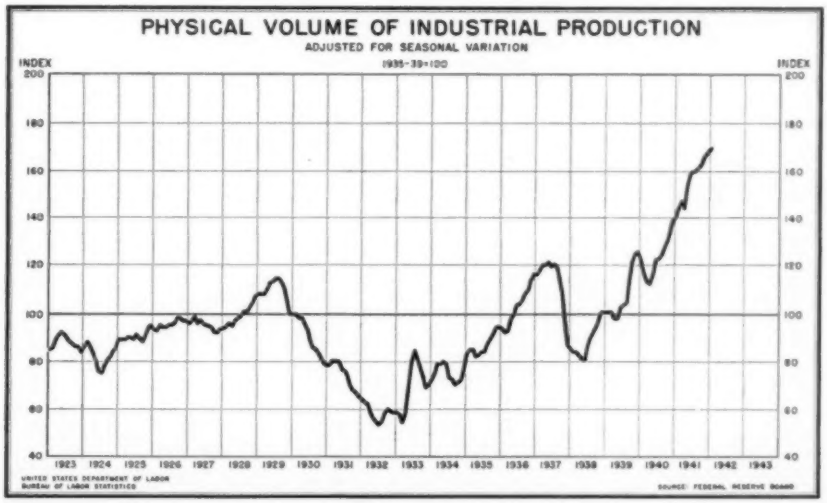
Continued rapid increases in the output of the machinery, armament, and chemical industries largely accounted for the January advance. Further gains to new record production peaks were also recorded by cotton-textile mills and slaughtering and meat-packing establishments. Steel output remained at near capacity levels, and production of lumber, which usually declines sharply in midwinter, was almost as large as in December.

**Industrial Production**
**Adjusted Index**

1935–39=100

| | |
|---|---|
| *1942* | |
| January | [1] 170 |
| *1941* | |
| December | 167 |
| November | 167 |
| October | 163 |
| September | 161 |
| August | 160 |
| July | 160 |
| June | 159 |
| May | 154 |
| April | 144 |
| March | 147 |
| February | 144 |
| January | 140 |

[1] *Preliminary.*



# Cost of Living in February 1942

Average living costs in February 1942 were 0.6 percent higher than in January, with price tags on merchants' shelves again marked up for almost all lines of merchandise purchased by moderate income families. The family food bill increased on the average 1 percent between the middle of January and the middle of February. Seasonally lower prices for eggs and oranges were more than offset by the increased cost of most meats and vegetables, including pork chops, canned pink salmon, canned tomatoes, cabbage, and sugar.

In spite of higher price levels for clothing made of wool, February bargain sales of women's coats were held in most of the 34 cities covered by the Bureau of Labor Statistics monthly cost of living survey. Cotton garments continued to advance, and shoe prices averaged slightly higher.

The cost of housefurnishings rose more than any other group of family purchases. Following the January white sales on sheets, many stores displayed bed linen at prices as much as 20 percent above the special sale price. Higher prices were also reported for nearly all kinds of electrical equipment, with electric refrigerators showing the largest rise. Little change, on the average, was reported in the cost of rent, heat, and utilities to wage earners' families during February.

*Cost of living in 21 large cities*

| Area and city | Index as of Feb. 15, 1942 (1935–39=100) | Percentage increase— Jan. 15, 1942, to Feb. 15, 1942 | Feb. 15, 1941, to Feb. 15, 1942 | Aug. 15, 1939, to Feb. 15, 1942 |
|---|---|---|---|---|
| Average for 34 cities [1] | 112.6 | 0.6 | 11.7 | 14.2 |
| North Atlantic: | | | | |
| Boston | 110.8 | 1.3 | 11.5 | 14.1 |
| Buffalo | 115.9 | .9 | 13.4 | 17.7 |
| New York | 110.9 | .7 | 9.5 | 12.0 |
| Philadelphia | 111.0 | .5 | 11.9 | 13.5 |
| Pittsburgh | 112.7 | .7 | 11.8 | 14.5 |
| South Atlantic: | | | | |
| Baltimore | 114.6 | .6 | 13.4 | 16.1 |
| Savannah | 116.1 | 1.0 | 15.1 | 16.9 |
| Washington, D. C. | 111.3 | .4 | 10.7 | 12.9 |
| North Central: | | | | |
| Chicago | 112.8 | .3 | 10.7 | 13.6 |
| Cincinnati | 112.1 | .5 | 12.4 | 15.2 |
| Cleveland | 115.0 | .3 | 12.5 | 15.0 |
| Detroit | 115.4 | .9 | 13.9 | 17.2 |
| Kansas City | 110.8 | 1.0 | 12.4 | 12.4 |
| Minneapolis | 112.3 | .4 | 10.2 | 12.6 |
| St. Louis | 112.4 | .5 | 11.5 | 14.6 |
| South Central: | | | | |
| Birmingham | 116.1 | .9 | 14.6 | 17.9 |
| Houston | 113.7 | 1.2 | 11.6 | 12.9 |
| Western: | | | | |
| Denver | 111.2 | (2) | 11.8 | 12.8 |
| Los Angeles | 114.0 | .5 | 12.0 | 13.4 |
| San Francisco | 113.8 | (2) | 11.4 | 14.6 |
| Seattle | 117.6 | .9 | 14.7 | 17.2 |

[1] *Estimated.* [2] *No change.*

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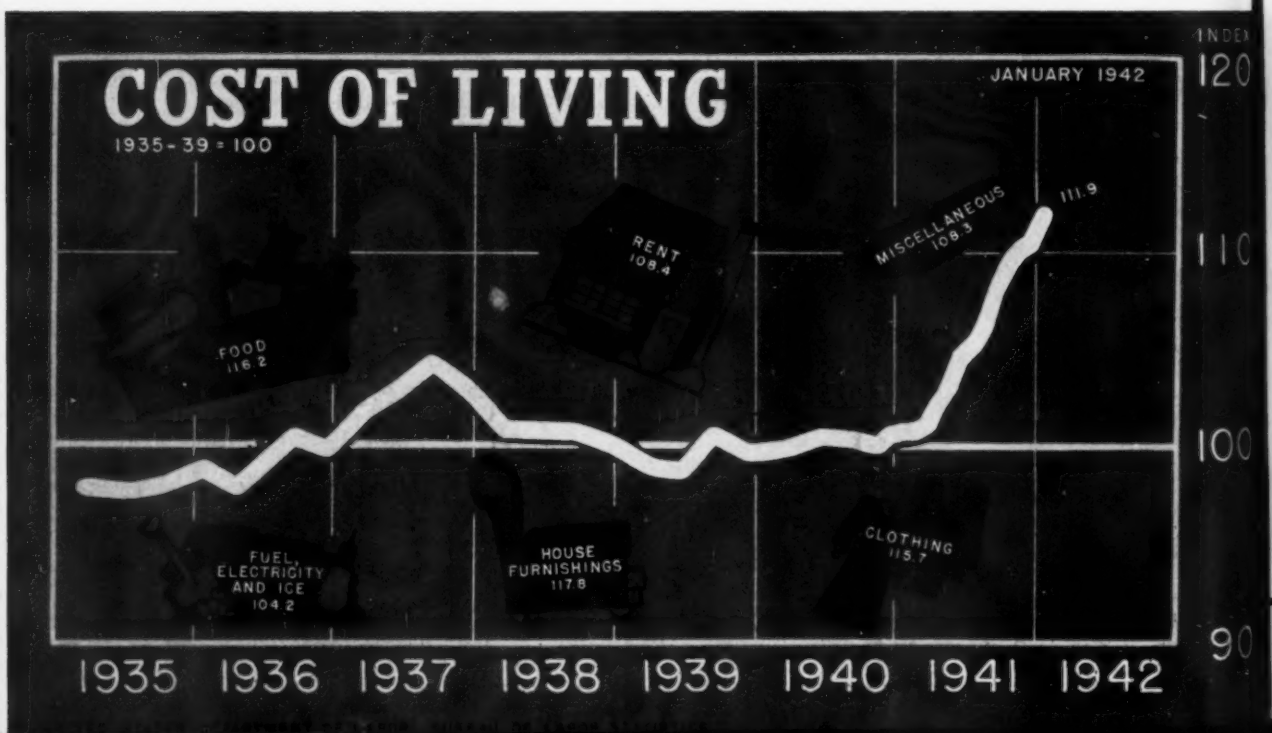

| | Aug. 15, 1939, to Feb. 15, 1942 |
|---|---|
| | 14.2 |
| | 14.1 |
| | 17.7 |
| | 12.0 |
| | 13.5 |
| | 14.5 |
| | 16.1 |
| | 16.9 |
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| | 17.2 |

INDEX
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